

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

TRANSFER OF NOTICE OF INTENTION
LARGE MINING OPERATIONS

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1. (a) Notice of intention to be transferred (file number): Act/017/017
(b) Name of mining operation: Frank M Mine
(c) Location of mining operation (county): Garfield County
(d) Name, telephone number and mailing address of the operator currently holding the notice of intention (transferor):
Plateau Resources Limited, 500 Kearns Building,
136 South Main Street, Salt Lake City, Utah 84101
Telephone: (801) 533-8383
2. (a) Name, telephone number and mailing address of the operator acquiring the notice of intention (transferee):
Nuclear Fuel Services, Inc.
205 Banner Hill Road
Erwin, Tenn. 37061
(b) Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act may be sent:
F. Alan Fletcher
Pruitt, Gushee & Flether
1850 Beneficial Life Tower
Salt Lake City, UT 84111
3. (a) The total disturbed area identified in the approved notice of intention: 65.51
(b) The actual number of acres disturbed by the operation through date of transfer: 3
(c) Attach a legal description of above acreages as Appendix "A" and a map of suitable scale with actual disturbed areas clearly shown and identified.
4. This application must be accompanied by a fully executed and signed Reclamation Contract (Form MR-RC).

SWORN STATEMENT OF TRANSFEROR


I, Kenneth E. May being first duly sworn under oath,
deposes and says that I am General Manager
(officer or agent)

of Plateau Resources Limited; and that I am duly authorized to
(Corporation/Company Name)

execute and deliver the foregoing obligations; that I have read the said application and fully know the contents thereof; that all statements contained in the transfer application are true and correct to the best of my knowledge and belief. By execution of this statement I certify that the Transferor is in full compliance with the Utah Mined Land Reclamation Act, the Rules and Regulations promulgated thereunder, and the terms and conditions of Notice of Intention No. Act/017/001-017 KEM.


Signature
Kenneth E. May
Name (Typed or Print)
General Manager
Title

Subscribed and sworn before me this 8th day of August, 1989.


Notary Public

My commission Expires:

8/3, 1991.

State of Utah)
) ss.
County of Salt Lake)



CERTIFICATION OF APPROVAL

This is to certify that I have examined the foregoing application and do hereby grant the same, subject to the following limitations and conditions:

- (a) This transfer of notice of intention grants only the right to affect the lands described in Appendix "A".
- (b) The transferee has provided to the Division a fully executed and signed Reclamation Contract (Form MR-RC). The surety shall be effective on the date of transfer.
- (c) The transferee, or such other person as required by UCA 1953, Title 40-8, has acquired legal right to mine for lands described in Appendix "A".

COMMENTS:

APPROVED: _____

(Signature)
Director, Division of Oil, Gas and Mining

Effective Date: _____
NOI No.: _____

APPROVED AS TO FORM:

(Signature)
Assistant Attorney General

MN9/45-48

APPENDIX A

The Frank M Mine is located in the NW 1/4, SW 1/4 of Section 2, T. 35 S., R. 11 E., in Garfield County, Utah. The surface disturbance is approximately 3 acres.

A map of suitable scale with actual disturbed acres has previously been filed with the Division of Oil, Gas and Mining and is identified as "Map #7-F-11."

FORM MR-RC
Revised 2/17/89
RECLAMATION CONTRACT

File Number _____

Effective Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) Act/017/017
(Mineral Mined) _____

"MINE LOCATION":

(Name of Mine)	<u>Frank M Mine</u>
(Description)	<u>Underground uranium mine</u>
	<u>located in eastern Garfield</u>
	<u>County, Utah</u>

"DISTURBED AREA":

(Disturbed Acres)	<u>3 Acres</u>
(Legal Description)	<u>Exhibit A</u>

"OPERATOR":

(Company or Name)	<u>Nuclear Fuel Services, Inc.</u>
(Address)	<u>205 Banner Hill Road</u>
	<u>Erwin, Tennessee 37061</u>
(Phone No.)	<u>(615) 743-7134</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone No.)

F. Alan Fletcher

Pruitt, Gushee & Fletcher

1850 Beneficial Life Tower

Salt Lake City UT 84111

(801) 531-8446

"OPERATOR'S OFFICER(S)":

Paul F. Schutt

"SURETY":

(Form of Surety - Exhibit B)

Cash

"SURETY COMPANY":

(Name, Policy or Acct. No.)

"SURETY AMOUNT":

(Escalated Dollars)

\$46,619

"ESCALATION YEAR"

1989

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. Act/017/001 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.

4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operators liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of the obligations heretofore, Operator agrees to pay all costs and expenses, including attorneys fees and costs generated by the Division and/or the Board in the enforcement of this Contract.

10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this _____ day of August, 1989.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

By _____
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By _____
Director Date

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the _____ day of August, 19 89, personally appeared before me, who being by me duly sworn did say that he/she, the said _____ is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

OPERATOR:

By

Paul F. Schutt

August, 1989

Corporate Officer - Position

Date

Paul F. Schutt, Managing
~~General Partner~~ CHAIRMAN

STATE OF Utah)

) ss.

COUNTY OF Salt Lake)

On the 5th day of August, 1989, personally
appeared before me Paul F. Schutt who being by
me duly sworn did say that he/she, the said Paul F. Schutt
is the ~~Managing General Partner~~ MANAGER
of Nuclear Fuel Services, Inc. and duly acknowledged that said
instrument was signed on behalf of said company by authority of its
bylaws or a resolution of its board of directors and said
Paul F. Schutt duly acknowledged to me that said
company executed the same.

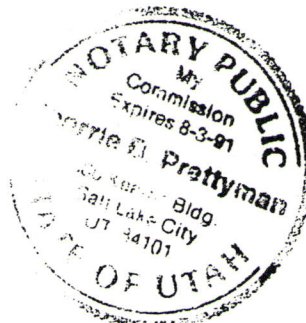
Shirley L. Priddy

Notary Public

Residing at: Salt Lake City, Utah

My Commission Expires:

8/3/91



Surety (Company)

Company Officer - Position

Date

STATE OF _____)
) ss:
COUNTY OF _____)

On the _____ day of _____, 19____, personally appeared before me _____ who being by me duly sworn did say that he/she, the said _____ is the _____ of _____ and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said _____ duly acknowledged to me that said company executed the same.

Notary Public

Residing at:

My Commission Expires:

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

APPENDIX A

The Frank M Mine is located in the NW 1/4, SW 1/4 of Section 2, T. 35 S., R. 11 E., in Garfield County, Utah. The surface disturbance is approximately 3 acres.

A map of suitable scale with actual disturbed acres has previously been filed with the Division of Oil, Gas and Mining and is identified as "Map #7-F-11."

EXECUTIVE SUMMARY

Plateau Resources Ltd.

Lucky Strike/Tony M. Mine
ACT/017/001
Frank M. Mine
ACT/017/017
Garfield County, Utah

updated: 8-11-89

COMMODITY:

The Lucky Strike/Tony M. Mine is a pre-existing uranium mine. Hydro-jet previously worked these claims until 1977 when Plateau Resources acquired the claims and lease hold interests. Ore recovery is by the underground modified room and pillar method. The mine life is projected to be 10-15 years.

The Frank M. Mine is a new, proposed mine. Mining will be conducted by means of horizontal drifts and lateral stope development. The mine life will be approximately 15 years.

LOCATION:

The Lucky Strike/Tony M. Mine is a 24 acre mining operation located in Sections 16 and 21, Township 35 South, Range 11 East, SLBM in Garfield County, Utah. The Frank M. Mine is a 65 acre mine located in Section 2, Township 35 South, Range 11 East. These locations are 55 miles south of Hanksville and 15 miles north of Bullfrog Basin via State Route 276 in Shootering Canyon.

The Enclosed map shows the location of these mines.

GEOLOGY AND SOILS:

^{are} The mining sites are located within the Henry Mountains Basin and is characterized by buttes, mesas and canyons. The buttes and mesas in this area are capped by the Salt Wash Member of the Morrison Formation. This sandstone unit contains the uranium deposits which are mined in the area. The site elevations are approximately 4,600 to 5,000 feet a.s.l.

Soils in the area are generally low in organic matter and range in texture from sand to loamy-fine sand. Any topsoil encountered from development will be stockpiled.

HYDROLOGY:

Surface waters in the vicinity of the sites consist of Shootering and Hansen Creeks which flow into Lake Powell. These streams have been categorized as Class C waters which means that without treatment these waters are suitable for irrigation, stock watering, recreation and the propagation and perpetuation of fish and wildlife. Baseline water quality sampling has been done by the U.S. Nuclear Regulatory Commission for the Environmental Statement related to the proposed uranium processing facility at the site. It is presumed that surface drainage at the site will not be affected.

Groundwater at the site is important for its potential source of water supply. The Entrada and Navajo sandstones contain the primary aquifers in the area and several springs exist in the vicinity. The area of mining is dry, however, and it is not expected that groundwater will be encountered.

ECOLOGY:

Studies of the ecology of this area were conducted in 1977 for the Environmental Report for the proposed uranium processing facility. Vegetative plant cover varies between 15 and 25% and is dominated by blackbrush and Mormon tea. Wildlife diversity of the area is very low. The site is of little importance to deer. No endangered species have been identified in the area.

STRUCTURES AND FACILITIES:

The major portion of structures and facilities at the Lucky Strike/Tony M. site consist of the camp facilities which house the mine workers. Some 40 trailers comprise the camp. The mine facilities consist of trailers for the office and bathhouse, the water tank, the generator station, the waste dump area and the ore storage bins. The camp facilities will be relocated in the spring of 1980 and that area will be reclaimed as soon afterwards as possible. The site facilities at the Frank M. Mine will include a parking area, change house, shop, warehouse and storeyard, 3 ore bins, 2 trailers, 2 waste dump areas, generator, compressor units, water well and an access road.

MINING AND RECLAMATION:

During Operations (Lucky Strike/Tony M. Mine):

1. Mine development entry will commence from the cliff wall adjacent to previous mine openings. Mining and maintenance methods will be carried out in a safe and orderly manner. Disturbed materials will be waste and they will be allowed to seek their natural angles of repose. Waste rock will be used to maintain a low wide area for surface operation use.

EXECUTIVE SUMMARY
Plateau Resources, Ltd.
Page Three

2. Access roads in present use will be used for the mining project. The roads will have approximately 11% grades.
3. Site preparation will be completed by grading existing waste rock for level entry. No removal of trees or brush is necessary.
4. Any upper horizon material encountered will be stockpiled in an independent area for final reclamation.
5. Plant species for revegetation will be determined from test plot data.
6. A temporary camp, for employees only, will be maintained at the site. It will be moved when the Ticaboo site is ready in 1980.

During Operations (Frank M. Mine):

1. Mining and maintenance methods will be carried out in a safe and orderly manner.
2. Waste rock which is non-alkali or acid producing will be stored in a natural canyon-like depression the engineering of which complies with E.P.A. standards on flooding.
3. Site preparation will be completed by grading existing waste material for level entry. The removal of little brush will be required.
4. Any upper horizon material encountered will be stockpiled for final reclamation.

After Operations: (Lucky Strike/Tony M. and Frank M. Mines):

1. Portal and ventilation shafts will be sealed to prevent unauthorized or accidental entry.

2. Waste rock dumps will be contoured to a naturally draining configuration.
3. Extraneous debris, unusable buildings, and scrap metal and wood will be removed from the location or buried.
4. All disturbed surfaces will be regraded, stockpiled soil added, and seeded.
6. Maintenance procedures for revegetation will be accomplished as necessary. The sites will be checked at least biannually by Plateau Resources personnel who will immediately augment any necessary steps in revegetation or erosion control. Critical sites and those not responding as projected will be checked more often.

IMPACTS:

The Lucky Strike/Tony M. mine facilities were in existence prior to the Utah Mined Land Reclamation Act under the direction of Hydro-Jet Services Inc. The reclamation plan will eliminate safety hazards and reduce environmental impacts.

The B.L.M. controls the surface use of the area in the vicinity of the Frank M. Mine although the mine area is previously owned. Primary uses of the area are for grazing and mineral exploration and mining. Extensive uranium exploration has occurred since the 1940's. Many of the abandoned drill roads and pads in the vicinity of the mine have been reclaimed by Plateau. Impacts to the environment due to development of this mine are expected to be minimal since the area has been determined to be of limited use to wildlife and hydrology.

SURETY ESTIMATE:

Surety was estimated at \$25,840.00 for reclamation of the Lucky Strike/Tony M. and \$46,619.00 was estimated for the Frank M. Mine. The proposed form of surety is a contract. A copy of the estimates are attached.

APPLICATION HISTORY (Lucky Strike/Tony M. Mine):

May 1977

Mining claims, leasehold interests and a leaching facility were acquired from Hydro-Jet Services by Plateau Resources, Ltd.

June 1977

Mining and Reclamation plans were submitted to the Division.

February 1979

Amendments to the Mining and Reclamation plan were submitted to the Division.

March 1979

Division personnel inspected the mine and proposed mill site.

* ① Aug 1989

APPLICATION HISTORY (Frank M. Mine):

March 1979

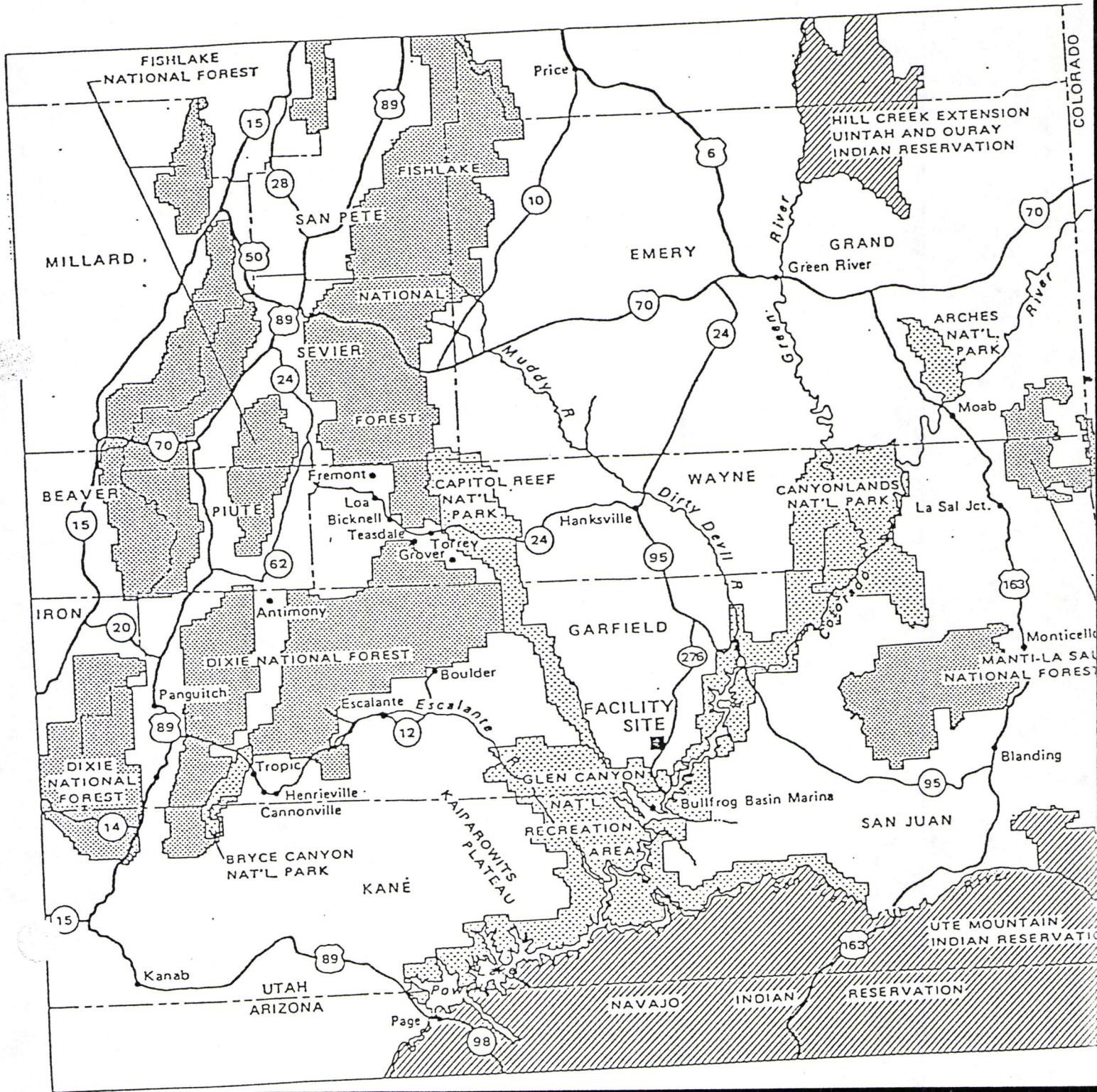
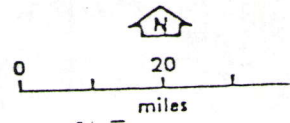
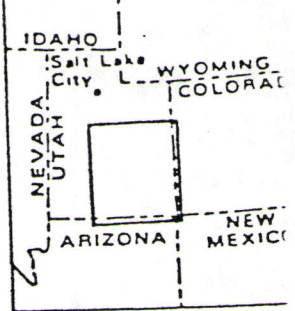
Division personnel inspected the site of the proposed mine.

May 1979

Mining and Reclamation Plans were submitted to the Division.

* ② Aug 1989

* 1, 2 Proposal to transfer both properties from Plateau Resources to Nuclear Fuel Services, Inc



DIVISION OF OIL, GAS, AND MINING
BOND ESTIMATE

OPERATOR: Plateau Resources, Ltd.
MINE NAME: Frank M. Mine
LOCATION: Sec. 2, Township 25 South, Range 11 East
COUNTY: Garfield
DATE: June 13, 1979

Operation		Amount	Rate	Cost
A.	CLEAN-UP			
	1. Removal of structures & equipment.	\$1,500.00	lump sum	\$1,500.00
	2. Removal of trash & debris.	\$ 500.00	lump sum	\$ 500.00
	3. Leveling of ancillary facilities pads and access roads.			
B.	REGRADING & RECONTOURING			
	1. Earthwork including haulage and grading of spoils, waste and overburden.	60 hours cat time	\$85.00/hr	\$5,100.00
	2. Recontouring of highwalls and excavations.			
	3. Spreading of soil or surficial materials.			
C.	STABILIZATION			
	1. Soil preparation, scarification, fertilization, etc.	15 hours	\$85.00/hr	\$1,275.00
	2. Seeding or planting.	65 acres	\$200/acre	\$13,000.00
	3. Construction of terraces, waterbars, etc.			
D.	LABOR			
	1. Supervision.	40 hours	\$10.00/hr	\$ 400.00
	2. Labor exclusive of bulldozer time.			
E.	SAFETY			
	1. Erection of fences, portal coverings; etc.	seal 1 portal	\$500/ea	\$ 500.00
	2. Removal or neutralization of explosive or hazardous materials.			
F.	MONITORING			
	1. Continuing or periodic monitoring, sampling & testing deemed necessary.	3 inspection	\$50.00/ea	\$ 150.00
G.	OTHER			
	1. 5% inflation.	15 years	CAF=2.0789	\$22,425.00
			Total	\$46,619.00